

The Rothschild Group

and the

“Monumental” Conversion Swindle of 1881.

A Second
Indictment Against the Agiotage.

By
Germanicus

A financial fanfare. — Parallels between 1871 and 1881. Strousberg^a. The “Fools”. Cancellations and Conversions. Exponentiation of the Swindle by Conversions. — The Rothschild Group. Rothschild here and there. The Credit Institution and its Followers. German Securities and Exchange Bank. Frankfurt Bank Corporation. Deutsche Vereinsbank. Discount Company. Bleichröder^b. — Hungary. Galicians. Swiss. Palatinates. Thuringians. The Prussian Conduct. — Consequences of the Swindle. New Issues. Latest Americans. The Italians. Strousberg *redivivus*. Bucharest Stock Market etc.

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Editor's Note

The reference document translated here was published in the year 1881 to bring to light the machinations of the Rothschilds and their contemporary Others that resulted in a massive swindle operation in Europe. These swindles, as the reader will learn and realize, are one of the first in a series of fact patterns, not only having taken place and still today take place throughout Europe by the same set of actors but also throughout the West. This document is therefore presented so everyone can become even more aware and informed of what is and has been going on behind our backs but at the same time in front of our eyes.

This translation is taken from this editor's transcription of the original document. That transcription and this translation have added endnotes by this editor in order to help the reader with some appropriate references to the names used therein. Note that this editor, although fairly proficient in German, is not fluent in the language, so some latitude with regard to the translation — should there be any inaccuracies — is humbly requested.

The reader, like this editor, may not be very fluent or well-versed in the various specialized terminologies and jargon of stock markets and finance. Moreover, the older German vernacular in this subject, as would be the case with English, surely, from the 1800s to today, has undoubtedly changed as any dialect would. That in mind, this editor has made a concerted effort to best translate the terminology to meet the understanding of the text and context. In this regard, there is one particular word used that has been found difficult to adequately translate, viz. *Rente*, which has, among its definitions: *pension, annuity, income, rent, revenue, stocks*. In the context of the present document, an appropriate and adequate translation has been found wanting. In other papers written on this subject and business, authors have foregone its translation and merely used it as a type of loanword; here too this editor has chosen to do likewise to avoid any misunderstanding otherwise.

— Ulrich Hirschmann, 2022

Preface

What was still a fear for us in 1880 has already become a fact in 1881. In fact, the capital-owning public has all too numerous fallen into the snares set by the stock market swindlers for years. Hand-in-hand with the bogus rise in prices was the involvement of **smaller** capitalists in the speculative movement; and once this had been achieved, certain great *Faiseurs* [instigators] soon began those manipulations by which they are so adept at “confusing” mine and thine.

Back then, when the first of the Germanicus brochures was published, the tenants of the swindle shouted scornfully: “Nevertheless, swindles are being continued!” Of course, we were convinced of that even without this scorn. For the most justified warnings have always been most derided; it would also be wonderful if just in these days, when *laissez faire* is the dogma of “education”, the *après nous le déluge* [after us the flood] should have got out of hand; and if very serious facts could already be pointed to the imminent approach of the Flood itself, then one should be all the less surprised if the threatened greed becomes completely mad. As is well known, stoning became a national sport among the Jews when their instinct felt that their madness had led them directly to the devouring abyss. And every sacrifice that fell to them drove them to wilder dances around the golden calf, or — for our sake — around the golden cone [bastard?]. They then began to surpass themselves.

So the newest epoch of the “economic boom” has come into its full splendor when the waves of the flood are already beating right next to the dance plan; where violent indignation is already directed against the growing usury, which has not yet been able to become agiotage ... that indignation which forces the monitor of North German Jewry, the “Berliner Börsen-Courier”, to admit that it is not hatred of faith, but “bad” greed for “foreign” property and wealth is its source, and causes him, spitting anger, to shower that “bad” greed with outbursts of contempt.

Really, very morally ... but where is the *laissez faire* ...? ... And where is Herr von Rothschild, who, having waited until now, after completing his preparations, now settled down at the head of the laid table of European exploitation, albeit more elegantly than the little Russian peasants and with the decency that long habit had made him accustomed to, to take from them what pleases him? ...

Yes, with all distinction he settled down. He even procured a new kind of gratuity, proving that the Occident is completely subjugated, though the political system over which he has excelled himself has more of the Orient than of the Occident.

Well then, those little Russian peasants and their leaders who let the noblesse of the “Berliner Börsen-Courier” shed some light on the nature of the “Jewish question” and recognized that greed for “foreign” property and wealth is its substance, are damned. It meets with an eternal and consuming curse because they dared to intervene and seize a part of the property that is said to be fixed. What does the foreigner matter to them?

But what does the foreigner matter to Herr von Rothschild? ... If he is struggling, can he also think, like the poor little Russian peasants, that what he greedily gazes at is only stolen from him? ... But is it something other than greed for someone else’s property and prosperity that prompts him to settle down so elegantly at the table of “conversions” in order to turn it into a den of murderers? ...

And if you cannot deny that it is so, then tell us what the “nabob” deserves when Lazarus is chained and flogged for the same crime...?

A Financial Fanfare

On 21 May 1881, the poetic personal trumpeter of Herr von Rothschild delighted the world, at least in the "Allgemeine Zeitung", with a fanfare, whose wonderful cadence pointed to an extraordinary triumph. Coincidence played a strange game insofar as May 21 is an anniversary of the Battle of Aspern-Essling. As is well known, an invasion of Hungary was prevented by that battle.... The triumphant outburst 72 years later was a successful break-in into this country.

"The success of the 4% Hungarian Gold Rente issuance," we hear, "on all European stock exchanges where it took place, is one of the **most monumental** phenomena that the financial history of the last years (or should we say more correctly) of the century has to show, because with the exception of the French loan of billions, nothing similar has ever happened. In view of the powerful patronage on which it was so fortunate (!) to be able to rely, it was an easily foreseeable fact that the operation, which had been planned for a long time and carried out with iron consistency, would meet with general approval, but to the unbelievable extent that it now exposes before the eyes of the whole world, no one could ever have dreamed of it, dealing with a figure which, despite the era of millions in which we find ourselves, justly amazes even great financial powers and capacities. If one also considers that just during the publication of the prospectus there were some gloomy clouds on the political horizon and that in Vienna there was a not inconsiderable tightening of money, then the result achieved only gains a broader admiration and the surprise rises to astonishment from which all stock markets will not recover so quickly. In addition, it was mainly the solid capital that took part in the issue, and not only in the circles of the gentry of millions and their followers, but also in the strata of the petty bourgeoisie. In all social strata people have brought their ready means to the new work. And this fact is not only of great importance for the placement of the amount raised, but also speaks for a further bright future of the new Rente, which will very soon and even faster than the 6% gain place and position throughout Europe a place and position from which neither envy nor resentment will drive them away and displace them. This is preferably or only casually said for those who, in supposed omniscience, have always and obstinately given themselves up to contest the Hungarian state credit or even the finance minister of the Crown of St. Stephen. *Finis coronat opus!* [The end crowns the work!] And when carrying out the Hungarian conversion, we should not forget to mention that the Hungarian Ministry of Finance has set itself a *monumentum aere perennius* [a monument more enduring than bronze], which will pass on its name to posterity in the most honorable way. The laurels that the finance minister won on this occasion honor not only his person but also the state and government themselves, which have entrusted the management of their finances into his hands with unreserved trust. His colleagues in other countries, even in the best of circumstances, can rightly envy him as he celebrates a triumph that can be described as unique in the annals of world finance. He selected the organs he won for the execution of his great and difficult project with extraordinary acumen and the right tact and found the most reliable forces out of an "innumerable" mass of applicants who constantly surrounded him in order to act as serving spirits. They, too, have a not inconsiderable part to play in carrying out the great work, and as long as the Magyar country can count on the support of such forces, it will never be at a loss to carry out all its cherished plans and will not just be left with a *succès d'estime*, but can only ever count on resounding successes. But what is ultimately the most remarkable thing about the operation is the fact that the same enthusiasm was expressed in all places where the operation was carried out. This has almost never happened in any financial operation since and deserves special mention as well. But just as there is no rose without a thorn, a downside will eventually come to light in the case of the Hungarian conversion, albeit only one, namely, that with the colossal rush it will be impossible to achieve general satisfaction in the allocation. Many an underwriter [applicant?] will be wrong in his expectations. But since even the sun has spots, every reasonable person must

overlook these flaws that cling to the operation and console themselves with the fact that in such an unusual case as the present one, the unpleasant will not meet him alone, but the whole world with him and must!"

Bonaparte's bulletins were not fuller of flowers, nor were they richer in self-praising the blessings that their author's raids were intended to bring to the people. But we fear that these forays actually fell far short of those which our modern poet is "called" to sing about, in their disastrous effect and after-effect; and indeed, it points to the end of the end when the destruction, the frivolous destruction, is itself cried out as "monumental". The panegyrist calls the old swindle a "new work", the seemingly new form of which his Maecenas^c did not even invent, which he merely pounces on with the greed that the Eldorado, laid bare by others, indulges in only for himself; and so vaguely does he believe in days barely gone by that he can brag, not "envy and resentment" will displace this "new work" from the place where its authors want to set it! ... Shall we look up and enumerate the works that were once also "new works" by Herr von Rothschild, and which one would look for in vain, not only in the place where this modern miracle worker put them, but in any place at all? ...

But the new-fangled Horace is not satisfied with boasting about what he must boast; he inspires even the sensible ones who drew the abundant usury as it is to be drawn! ... And on this shadow, he puts the light of the finance minister, who allowed himself to be made the servant of frivolity. "Laurels" honor him! ... In all countries to which the glorious "new work" was made accessible, it was received with enthusiasm ... only one blemish is found in this "new work": the blemish, that it will not be possible to make it accessible to all who want it....

It is difficult to remain serious in the face of such shamelessness, even when, as here, the serious matter of exploiting and destroying the people's wealth is at stake.

Indeed, as already alluded to, the panegyric celebrates Herr von Rothschild's intervention in the latest "economic boom", as the swindle calls itself. After years and days of work from most disparate sides to bring the crystallized earnings of the poor labor, which are now amassing more quickly in succession of the policy of protective tariffs, into the circle of speculation and finally into the hands of the market speculators (cf. bull)^d, Herr von Rothschild appears to be helping empty the full bowls. And as befits him, he appears like the kings in Shakespeare. A fanfare accompanies his every step, so that the people will run and admire — more so with those of the people who have what they can take, cling to their soles and sacrifice until they can no longer... Even Richard III appears like this where he is full of homicidal thoughts ... full of homicidal thoughts about his own house; why should the modern heads of money and the stock exchange, who are convinced that they do **not** dig in the bowels of **their own**, be humbler?

However, Richard III aroused wrath at his perfidy; and if this anger emerged small enough at first, he grew eventually quicker than the giant and slew him; the impudence of the trumpet blasts, that should inflate to glory, which was a disgrace, aroused that wrath, and the more it stirred, the more it spurred on knowledge; though at first it appeared furtive and timid — the more it seized upon the crowd, the closer the unscrupulous selfishness came to its end.

Rothschild's house poet is right about one thing: that the glorious performance was carefully prepared. No money had been spared in finding willing tools; people had knocked at the most diverse of gates; but only one had opened wide enough to be pulled out from it with full pomp. However, we do not deny that the move corresponded to the preparation. Nevertheless, just as Richard's lame leg and high shoulder were pointed out despite his ostentation, so the Frankfurt Stock Exchange said: That kind of thing is only possible in Hungary — in Hungary, where one can buy anyone.

Parallels between 1871 and 1881. Strousberg. The “Fools”. Cancellations and Conversions. Exponentiation of the Swindle by Conversions.

The swindle epoch of the 1870s was first built on the extraordinary accumulation of capital in the 1860s, during which, through a series of rare circumstances, the obsession of speculation had spread to the widest circles that had previously remained untouched by it. Farming had reaped a number of good crops; but it was even more accustomed, even deep in peasant circles, to speculative fluctuations and profits through the increased production of various raw articles (wool, Swedish clover, rapeseed), which brought great profits, and especially in districts where a wealthy independent peasantry sat, had left much spare capital for industry. Strousberg, for example, drew tremendous benefit from this relationship. A disproportionately large part of the Romanian railway shares has been played into the hands of the peasants in the Hanoverian, etc., and even then, and also for these peasant circles, the financial promotion of the press was disastrous. Strousberg particularly made the most shameless use of the small newspapers, which penetrated rural districts. We remember then an article in a leaflet published in the small town of Bockenem [Lower Saxony], which sang a true miracle song about the outpouring of Strousberg's cornucopia, referring to Strousberg's — as is well known completely unsuccessful — prospecting in the northern foothills of the Harz Mountains. “The mountains come alive...” they said. These papers were even more poetic than the “Kladderadatsch”, for Dr. Strousberg was the man long enough who bought everything.¹

But while favorable or fortunate circumstances to this side became disastrous primarily for the rural population, another circumstance, likewise favorable in itself, drew the more prosperous urban population into the circle of devastating speculation. This population had already badly burned itself in the 1850s when the bank establishment swindle with its colossal agiotage at that time led to a riot. One had therefore become somewhat cautious here. But the great profit which individual daredevils made by participating in the United States loan utterly destroyed this one good effect of that swindle. One saw the great gains in capital and the extraordinary yield of interest on that capital, and unfortunately all too soon became confused as to the true source of both. Everything American, at least everything North American, was thrown into one pot and thus there was an opportunity for the supply of all sorts of American securities, which the German capitalists took from every source and then proved in all too many cases to be the manipulation of clumsy fraud. In 1869, the import of American bonds in Germany was in full bloom.

The year 1870, however, brought a certain halt to this stream, which threatened to become devastating enough; Strousberg encountered a slump. But this stop was only temporary. On the contrary, it became disastrous through a turn of events which, at least from an economic point of view, was extremely unfortunate.

It may be premature to apply Schiller's epigram of the great moment and small generation to the time and people after the Treaty of Frankfurt (1871). The world still lives too much from the results of this Treaty to be particularly inclined to be grateful for such an application. But in economic terms, at least, the sense of great blunder has long been felt. But it is worthy of note that these blunders, like those we have outlined above, had their chief source in relatively favorable and developmentally advantageous circumstances. For there is no doubt that the great development of the Prussian state was very significantly aided by the thrifty financial management that

¹ Incidentally, the “Kladderadatsch” was silenced in this direction by the author of the *Germanicus* brochures. In a Berlin correspondence of the “Hildesheimer Kurier” (in the spring of 1870), it inserted the following: “Dr. Strousberg, who is known to buy everything, is also said to have bought the ‘Kladderadatsch.’” This insertion spread to various newspapers and had the result that the Berliner satirical magazine dropped its publicity for the Doctor, who bought everything but unfortunately paid nothing.

generally prevailed in its administration; this is in stark contrast to the unpleasant experiences made in raising money for the North German Confederation at the outbreak of the French war. It is therefore easy for us to understand why the political side was able to press for the French reparations to be transferred to Germany as quickly as possible. However, the fact that the economic management of our affairs was able to allow such a rapid transfer already characterizes them as completely incapable of even grasping their task. This inability was a misfortune for Germany; and she would have been if she had contented herself with her first mistake; but she really charged further on its wrong path and thus justified a debt which, according to historical experience, we will pay by destroying our entire national wealth.

Because if a country that has been compelled to exert colossal forces in a war effort needs anything, it needs calm, especially in economic terms. Relationships that have remained in existence must not be willfully touched upon and disturbed; only what has been torn needs to be reconnected, what has been destroyed needs to be rebuilt. Only that French war indemnity was used, instead of being applied in the latter sense, in order to destroy what had remained fixed. Economic steps were taken with the most insignificant boastfulness, through which all economic relationships were trampled down and stirred up into a swindle, which, of course, made the stock exchange the dominator of all economic relationships in Germany, but which also hit the root of our prosperity.

The sad “dictum” (“winged word”) that the state is not there to protect the “stupid”, which in the end was just an outburst of gallows humor, by no means excuses these enlightened financial politicians, who threw the swindle down the throats of the “stupid” or, more correctly, the underage. For, of course, the state is there to protect minors — if not for their sake, then for its own sake; for it is they who bear it, not the representatives of the swindle, who, when they have drunk their fill, go where they please and do not shame themselves in spouting their drool back² as cheap thanks for the robbery which we have let be made and borne.

This wrong financial policy reached its climax in our country with the cancellation of the various German government bonds, which were concentrated over a few months. This was, of course, the easiest way to get past a careful examination of economic tasks and duties. And the swindle had every reason to approve of this method; for it hardly exists before careful examination and the earnest will to destroy it. The terrible thing about the method, however, was that it created legions of the “fools”, whom, according to Herr Delbrück^f, the state is not there to protect. For the previous state creditors, who believed that their capital was completely secure and only counted on a slow amortization of it, suddenly saw this secure investment withdrawn and had to look for new capital investments. One cannot even say that the tendency towards “stupidity” was all too pronounced with these “fools”. Agriculture, which until then had complained about a lack of capital, was initially able to satisfy its needs again on moderate terms. Surely this proves well that the “fools” initially sought to reaccommodate their canceled capital sums as **securely** as possible. However, the securities were far from being available to the extent that they were sought; but where they were lacking, the epoch of the “fools” nevertheless began during the swindle period of the 1870s.

However, in order for this epoch to gain its name completely, provision had been made for by the Stock Corporation Act of 11 June 1870. The stock system was liberalized, the gate opened to unrestricted start-ups. All that was needed now was the proper dose of insolence, which was all the more successful the more it could be supported by material means, to seize an arbitrary part of the national wealth, to smash it and build partial wealth on these ruins into excess. But that this

² See Reinach, one of Gambetta's journalistic boot polishers, about whose “ancestors” one should only inquire about in the Nassau offices in Höchst and Hofheim!

impudence existed was seen from various occurrences in the area of American credit, in which, as in 1857, the first heavy losses were to be suffered.

That way it's easy to make "fools" when you think you can break them. And the *Alliance israélite*^g always needs them; their influence and power are based on stupidity; their art of allowing stupidity and stupid people to do their work is the art of making the wealth of the peoples their own and of dominating them yourself.

In fact, those "fools" who, according to Herr Delbrück, wanted to get rid of their money in the swindle period of the 1870s with such violence, that the state could not possibly protect them from themselves, were for the most part "stupid" against their will. **Through the cancellation of German government bonds, they were forced into stupidity.** The opportunity to be wise had ceased through the rarity of the possibility of safe capital investment; and it was not yet known that resulting from the Stock Corporation Act of 11 June 1870, the secondary security known in Germany from time immemorial in the concept of "good faith" had been sacrificed to usury and fraud. However: Ignorance of the law does not protect against punishment. ... It is at least clear that good faith, if it should be a social, state institution, must also find emphasis in the law.

So the "fools" of the 1870s, whose government bonds had been cancelled, thought of good faith, but not of the Stock Corporation Act; they thought that if a company with a respectable name, if a banker of "honest origin" offered shelter for the available capital and at the same time offered the brilliant prospect of great profits, they would see good faith in the background; of course, these "fools" first had to find out that they had inserted the Stock Corporation Act and only thought of it; ... why were they so stupid that the state couldn't protect them! ... only the clever have a right to such protection ... apparently ... and they know how to use this right extensively enough....

The swindle of the 1870s found in the cancellation of the German government bonds the most dangerous driving force and the most terrible leverage to reach into the innermost relations of national prosperity and to tear them apart. It is obvious enough to find that a conscious state wisdom, especially in times when the swindle, which is called speculation, spreads, allows nothing on the part of the state to occur to disturb holdings. In any case, there is no lack of overt and covert influence on the holders to induce them to give up what is certain and to try their luck with what is uncertain. That principle was severely violated by the cancellations; and in violating it, the head of state became the culprit of the swindle and its consequences.

Apparently, he, who then took the appropriate steps from the mistakes made by the German states, still vividly remembers that time with all its advantages. And they are lusty anew for the hordes that **had to** fall blindly into their nets back then. The catch ceased then entirely to be an art; yes, one could even save oneself morally by consoling: My God, shouldn't one take what itself gives...? ...

Now we have seen that at the onset of the new swindle — the forerunners of which appeared soon as the crisis began to scar again, and to which no dam had been built anywhere — it seemed difficult to lure the crowd back into trading as it had for a few years had been lured in before. The usual tricks would no longer have the desired effect; nothing good was heard of the Stock Corporation Act and nothing more was heard of good faith. Even such clever artists as Messrs. Hahn from the Deutsche Effekten und Wechselbank^h knew that they could do nothing, no matter how tight their yarn was and no matter how cleverly they knew how to position their game; they made a fiasco with the Lorraine ironworks and their other business operations were also no longer really "according to modern times". It had to be acquired, as was the case in 1871 a matter of great concern, if the *Alliance israélite* was to make any great progress again.

However much these people are accustomed to delighting in their cleverness, they really understand no more than to “fructify” (i.e., fertilize) what others invent or claim. And so is then the substitute that the swindle of 1881 found for the cancellations of the swindle of 1871 was also not discovered in their ranks. It was Herr Miquel^l, the new Lord Mayor of Frankfurt and an old intern from the Disconto-Commandit-Gesellschaft — of which one hardly knows to whom it belongs —, who discovered the philosopher’s stone this time. He made the first conversion *comme-il-faut* and thus gave the swindle epoch of the 1880s the same character that the friends Delbrück and Camphausen^k had given to the cancellations of the swindle epoch of the 1870s.

But once you have the die, all you must do is get it going; and that is known to be less a matter of genius than of strength of the fist.

In fact, as soon as the means of the “conversion” was grasped by the strongest fist as the effective means to shake up the entire holdings in confusion, to agitate them and to pull them into the whirl of speculation, the swindle was again intensified. No contemplation was necessary to show that by virtue of the manipulation of the conversion the “fools” could be produced in just as large numbers as before by the manipulation of the cancellations.

The Rothschild Group

Rothschild here and there. The Credit Institution and Its Followers. Darmstadt Bank. German Securities and Exchange Bank. Frankfurt Bank Corporation. Deutsche Vereinsbank. Discount Company. Bleichröder.

As is well known, we have long since reached the point where the gentlemen of the *Alliance-israélite* can allow themselves the most violent personal hostilities among us and without prejudice to their exploitative activities and the expansion of their material domination. One remembers the fight between Rothschild and Mirés^l, which lasted long enough to cause a general stir, but which, despite some brilliant moments, ended in Mirés’ downfall, which of course also did his family no little good.

Not always did the Rothschild’s jealousy have such dire consequences for those affected; in fact, Perreire^m and Erlanger emancipated themselves from their former master, to whom they were superior in “brilliance”; and Sonnemannⁿ did not take at least the first steps of his growth in contrast to Rothschild. These indeed do not “perform” “as a matter of principle” in “democracy” like Sonnemann³; but neither are they “in principle” opposed to it, and if “business disloyalty” so

³ How bitterly serious Sonnemann takes this “doing” is shown by the following classic product of his pen from the most recent times, which in any case contributes more to the characterization of this type of democracy than hundreds of travelling sermons — they would then be held on Zimmerweg [in Frankfurt]. The product relates to the assassination attempt on the President of the United States; it can be found in the morning edition of the “Frankfurter Zeitung” of 3 July 1881; and its wondrous wording is as follows: “Frankfurt, July 2nd, 10 o’clock in the evening. A dreadful, terrifying message reached us after 6 o’clock this evening. **President Garfield** was seriously wounded by a pistol shot at the Potomac train station in Washington. Up to this point we have had no information about the cause of this outrageous attack. Is it an act of private revenge or of a political murder, perhaps connected with the Conkling Affair [cf. politician Roscoe Conkling (1829-1888)] that has been kicking up so much dust in the United States recently? The killer has been arrested; however, nothing yet is known about his personality. The sad news comes as almost more surprising than that of Lincoln’s assassination on 14 April 1865. The latter was a terrible episode in an epoch of very deep commotion, after a four-year murderous civil war. The assassination attempt on Garfield, on the other hand, was carried out at a time when the republic was at its most peaceful and in its greatest prosperity. We owe a special gratitude to our two New York correspondents for the speedy transmission of the terrible news. The assassination took place at around 10 a.m. local time, around 3:30 p.m.

demands, they may even flaunt a republican "weakness". There is no doubt that Rothschild, as a "native baron", can also be "noble"; only one who is happy because of his "nobility" must never forget what he is owed and that he is the "world house". Sonnemann forgot this when he found that it would be better for him to be pushed into the Reichstag than Rothschild, and since then a fight has begun between the two, which is without any great moments, but exhibits all the more a quiet grimness and cunning paw strikes. Sonnemann suffered little from this, but his vanity was often deeply wounded. Under the influence of such injuries, it probably happened once that, in order to show Rothschild what he could do, he attacked him without a mask to make him "small"; he exposed Rothschild's publicity, for which he did not need the "Frankfurter Zeitung", and drove not a few of the "fools", who were built up with steam at that time, to exclaim in astonishment: What a man ... what a newspaper! ...

In fact, some rather nice truths came out; but one knows and those who brought it to light in the "Frankfurter Zeitung" knew best that the newspapers are ephemeral. There was no danger for the *Alliance israélite* and only a little annoying for Rothschild when Eschenheimer Gasse attacked Rothschild's publicity with moral pathos (e.g., on 11 July 1872), whereby even Rothschild himself was not spared by saying with a very understandable allusion: "The head of a first local bank once said to an acquaintance: Morrison and Johann Hoff⁴ are very sensible people. They have recognized the weaknesses of men better than many others, and they can be blamed for taking proper advantage of them. Shouldn't this statement have betrayed the innermost thoughts of the stock exchange king? Who does not remember the verse when looking at these so-called stock exchange reports "(namely the Rothschild one in the "Allgemeine Zeitung" etc.:

"Please grant me that I be,
In your alliance the third.""

The effect of this small stab on the great "stock exchange king" must have seemed so successful to Herr Sonnemann that he immediately dared a more poisonous attack, and now apparently in all seriousness, proclaimed that Rothschild in Frankfurt was completely dead.... Incidentally, Sonnemann had the heartfelt reason that Rothschild avoided him with the prospectuses for the French bond, which meant that he only got what Stern dropped from the table. So, according to the "Frankfurter Zeitung" of 2 August 1872, Rothschild was dead and Sonnemann was the only one alive for Frankfurt.

Assuming that the news could be known in New York an hour later, the first two telegrams only took two hours from there to here. The best measure of the speed with which we were served is that we only received a short message from Wolff's office at this very moment, i.e., four hours later. We were in such timely possession of the telegrams, that we were able to send the first two to all of our readers and the third to most of them in the supplement sent out with the evening trains. We also distributed the telegrams in the city through two special editions." Is there anything more that can be "made" of the terrible news that would have filled every democrat and especially every democratic politician with deep pain if he understood what precisely this assassination attempt meant for the democratic principle? ... Well, the old travelling salesmen used to say: First business, then pleasure! ... The new "great" political travelling salesman Sonnemann dare say: First the business and then the pain! ...

⁴ However, to our knowledge, Morrison and Hoff are not Jews. So, also with regard to advertising, the latter are, according to Rothschild, only — copyists.

Sonnemann emphasizes the colossal success that the French loan had, and in particular that of its advertiser Stern, which he now wants to put in the place of the dead Rothschild. Because without "Star" our people cannot be and it would be called Perl—stein.⁵⁾

"The house of Jacob S. H. Stern^o, which thanks to its importance and its connections to the houses of the same name in London and Paris has long been one of the first firms in the area, is more than previously due to its convenience, due to the great success of this subscription, has come to the fore. A subscription of almost four billion with a deposit of money or bills of exchange is a financial vote of confidence, which cannot possibly remain without influence on the future development of a banking house if the bank knows how to maintain and strengthen the position it has achieved through activity and obliging accommodation. It is of all the more importance in this case, since the subscription of 4 billion is compared to such a small one at the Rothschild house that we hesitate to pronounce the figure which has been given to us by the most diverse quarters as reliable. We only want to indicate that it remains far behind the tenth part of the subscriptions in the competing position. And on this occasion, too, there was no lack of advertisements, especially telegraphic ones. From the very first day, the South German papers reported on the exorbitant number of subscribers at the Rothschild house. However, the stock exchange and the financial world know neither sympathies nor antipathies as long as their interests come into question. But if, as in this case, two subscription offices are open on the same terms, then it becomes clear to which side the favor or disfavor of the public is directed. The fiasco of the house of Rothschild in this subscription is the response of the local place to the unaccommodating behavior, which the local trade world had rightly made accusations of this house during the outbreak of war in 1870 and to the ruthless procedure of this house in so many other occasions. This fiasco will at least have one good thing, **that it will destroy the long-standing mystique of the Rothschild house, which has no longer existed in the place itself for years, locally as well as abroad**, where there are often still the most exaggerated views of the position of this company in world trade, without knowing that these illusions are no longer shared by the related houses of Rothschild in London, Paris and Vienna."

But among this house, Rothschild was still the lion, and by no means the dead one; he only had to raise his paw to silence such a little firecracker as he opened his mouth in the "Frankfurter Zeitung". And really, before a fortnight had passed, Sonnemann ate humble pie and slaughtered a sacrificial lamb, not his son, but his brother-in-law, as the "Frankfurter Zeitung" of 16 August 1872 reads quite nicely as follows:

"At the end of last month, the "Neue Zürcher Zeitung" published a memo in which allegations were made against Herr **Julius Hesdörffer**, relating to the latter's behavior in his capacity as editor of "**Dr. Hesdörffers Coursblatt**" towards the Swiss Northeastern Railway. In yesterday's issue of the (old) "Badische Landeszeitung" we found this note reproduced, and indeed with contents, that support the fact that Dr. Hesdörffer was not only the publisher of the above-mentioned stock market paper, but also a co-editor of the "Frankfurter Zeitung", to exploit attacks against the "Frankfurter Zeitung" and the editors of the same. We observe with respect to it, that that memorandum of the "N. Zürcher Ztg.", as soon as arriving in front of us, presents Dr. Hesdörffer with the request to justify himself and **that, when no sufficient justification was given, Dr. Hesdörffer has received his dismissal.** —"

The Lords of Rothschild were then really not dead. But if Sonnemann found out about this in a way that was agreeable to his personal quality, the German nation unfortunately found out about

⁵ Who hasn't already heard the trumpet: The great singer Frau Perl — appe-e-e-ared to us dideldum, dideldum, dideldum ... Everything that's clinging to the "Frankfurter Zeitung" has to be big — why not the wife of the Herr Schüler, the alter ego and dear brother-in-law?

it in a different and less pleasant way, for Herr Sonnemann was able to salvage himself; he had a brother-in-law whose life is like a book and through which you can turn the pages without finding anything but here and there a — foolishness. Well, those years were those of the fools... the stupidity gave them character.

But the German nation was not in a position to put a stop to the 12 billion of all sorts of “value”-paper (i.e., securities) that Rothschild brought into Germany during the swindle period; on the contrary, the existing bolt on the lock was drawn away with great diligence. In general, it was only one of the tricks by which the “stock exchange wardens” knew how to assert their reputation with the innocent public — who are called upon to be slaughtered by the stock exchange like Herod slaughtered the innocent little children — when the “Frankfurter Zeitung” pretended that the Frankfurter House of Rothschild is dead and receives no attention from the other Rothschild houses. Of course, such an attack and kind of “being in the know” of the inner workings of Rothschild’s affairs was bound to have impressed the naive circle of readers of the advertising paper. In fact, however, Sonnemann’s fibs did not correspond in the least to the facts. There was a very special reason for Rothschild’s apparent defeat on the French loan⁶; neither did we know that Stern had since come remotely close to Rothschild in importance. Almost ten years after their funny diatribe, the “Frankfurter Zeitung” itself verifies the overpowering influence of Rothschild on the political system of southern Germany. And the connection between the individual Rothschilds was just as little relaxed then as it is today. Rothschild is so ensconced in the places where he sits, he understands how to take local and even temporary conditions so skillfully into account, to recognize them and to use them to his advantage, that it doesn’t matter to him not to do business once in a while or at least to appear as if he hadn’t done so. He has the least to fear from the *Alliance israélite*.

Indeed, the Frankfurter House of Rothschild carries a certain solid veneer. It doesn’t seem “speculative” enough, especially to the small bulls^d. If it were up to them, the firm would have to have invested all of its assets directly in margins, or it would have to play a role at the Frankfurter Platz similar to what Fränkel plays in Berlin and how Homberger, for example, would like to play in Frankfurt. That is why one still often hears small bulls complaining that Frankfurt is nothing more because Rothschild is nothing more. These good people imagine the conditions of the “world house” to be about the same as those of Herr Lahrheim or Schottländer; the fact that the speculator also grows with his objectives is primarily yet hidden from them....

The big ones, however, and especially the relatively entitled ones in the financial world, feel the presence of Rothschild very well, and indeed especially when they least want it. And despite Herr Sonnemann, Rothschild in Frankfurt also understands business and business promotion. Only he works more on a large scale and no longer needs to be jack of all trades as much as the other man; he does not need to, like the great “journalist and millionaire”, if he gives a couple thousand francs worth of “art” in Nice to let it ring out all over Italy and France, and it would be difficult to accuse him in a lawsuit of having “promised” to pay a thousand guilders — but otherwise the barons in the Fahrgasse^p and their relatives know how to beat the journalistic noise drum quite politely — even when it concerns seemingly very intimate matters and circumstances. Herr M. K. [???] has long since let the world be instructed, that he considers himself the greatest of living art connoisseurs, and it is also known that he lets this self-praise cost something. It also has a clear purpose when we are dished up on this side of the Vosges mountains: “As one writes from **Paris**, counting the **spring festival in the palace of Baron Gustav Rothschild**^q as the most brilliant of the season. Greek dances were performed as at the end of the eighteenth century. Miss Fonta, the **famous** dancer, led the individual characters, among which the one with the veil turned out particularly

⁶ We will come back to this at another time.

well. The toilets were more modern than the Greek ones. The **hostess** appeared in siren blue and silver embroidered brocade, diamonds in her hair. **Countess** d'Harcourt wore a robe of white and gold brocade, **Baroness** Alphons Rothschild pink skirt richly trimmed with white lace, tunic and corset pompadour; Madam James **Rothschild** blue damask with gold, the **Countess** Kuefstein a magnificent lace dress, coiffure of cherry red color and diamonds etc., as well as in general in the cloakrooms of the beautiful guests the most brilliant luxury combined with taste and original fashion chic." And the immediately subsequent narrative has likewise the specific purpose to visualize Rothschild's versatility, their effectiveness for art — which must now once again serve as a catchphrase for the most ridiculous — and their social influence; it characterizes even more than the first the style of advertising in which the Jewish press loves to squeeze everything that comes into its hands. It says there: "Among the various **festivities** which are held every year shortly after Easter in **Parisian high society**, those given by **Baron Alfons von Rothschild** usually arouse the greatest curiosity, because in every season a new and pleasant surprise awaits the invited who take part. This time it was mainly the inauguration of the new museum, which had long been **discussed in the newspapers**, which the **art-loving baron**, with the help of his no less **art-appreciating wife**, had built inside the **magnificent hotel** on the Rue de Morceau and nothing similar to it can be found in the capital city (Paris) side of the Seine. (!) The matinée organized for this purpose, to which more than a thousand invitations had been sent, united **everything** that **Paris** has in terms of **elegance and celebrity**. Shortly after the hour appointed for the reception, the flower-decked salons were already filled, and after the famous baritone Faure and the **graceful singer** of the Comic Opera, Mlle. Vanzandt, performed their romances, everyone poured into the new art hall, which with its art treasures produced the most **fairy-like impression**. Under a colossal space lit by a skylight, one sees the **greatest** that Gothic and Renaissance art has achieved. (!) Delightful mountain-crystal tankards, jugs and bowls set with gold and precious stones (like those only found in the Bavarian Treasury), other gold ornaments, bronzes, wooden paneling of the finest quality, Flemish tapestries, Venetian glasses, painted window panes, etc., etc., **overwhelm the viewer** and bring the **art connoisseur to enchantment**. But other surprises await the astonished visitor. Behind a heavy dark red velvet curtain, a **negro boy** in **gold-embroidered clothing** invites you to proceed, and going down a few stairs you find yourself in a **Louis XV salon**, whose tapestries and pink Sèvres objects aroused the joyful excitement of the **Parisian beauties**. Let us now return to the museum, into which **Baron** Adolph Rothschild is now leading his guests. We see here the German Ambassador, **Prince** Hohenlohe, and his family, the **Countess** Königsmark, **Count** Beust, the **Duke** of Nemours, son of Alexander **Dumas**, the **composer** Ambroise **Thomas**, the **famous painter** Meissonier and whoever else standing at the **top** of diplomacy, of the nobility, of art and literature. Among the young ladies stood out numerous charming American women, whose tasteful costumes and lively appearances must have captivated everyone. Now people are rushing towards the dining room, behind whose gold lattice work an invisible orchestra is playing cheerful tunes and in front of whose rose-decorated buffet many a glass of champagne is emptied to the health of the host. Outside, however, endless rows of carriages stretch out in the street, and a **dense crowd** eagerly looks to catch a glimpse of the interior, until finally the approaching evening hour moves the last visitors to leave the palatial rooms, whose splendor and taste are reminiscent of the most intoxicating **fairy tales** of "One Thousand and One Nights".

Barnum could learn there. But not only of the admirable French, who are known to be born rentiers and to whom the kings of Rente rightly offer various pleasures — pleasures... at the door, of course — neither do they forget the other pole, even if it were only for the sake of showing the poor what could fall from the rich man's table. There, too, it is not neglected to announce who performed à la Barnum or Renz; and the company certainly considered it an honor to be able to perform. So, we learn in the most "refined" style of advertising:

"**Baron Nathaniel Rothschild** hosted a brilliant **Mayfest** in **Vienna** in his comfortable bachelor palace. Most of the 220 persons, whom the **baron** had invited to the party he had arranged, had seen these rooms beforehand; but the sight that presented itself to the visitors yesterday was so surprising that even **Princess** Metternich, who knows every corner of the house⁷, could not immediately find her way. From the fountain in the vestibule, fantastically framed with magnificent orchids, one could see the park illuminated by flares and electric flames, romantic grottos, charming waterfalls, etc. The lights were so eloquently (!) distributed that the eye could gaze at these treasures with delight. For once, the wealth of the **nabob** had been put to good use. **Ten thousand** roses — the **number is exact**⁸ — were used to decorate the interior rooms. It is not known whether 10,000 greetings from Heinrich Heine were punctually arranged. It was less of a concern for the arranger to find this myriad of flowers than to place them. The so-called Dutch Hall, where from 11 o'clock onwards there was a great zeal of dancing, was adorned the richest with these treasures of blossoms. The amplified **house orchestra** played tirelessly under W. Rab's^s direction. **Count** Heinrich Larisch served as lead dancer. An interesting cotillon character should be highlighted: A number of baskets were brought into the hall, from which each gentleman was allowed to take three sealed packets to present to his lady. The packages from the host contained dedicated jewels, costly crayons, and toilet bags of considerable value. At two o'clock in the morning we had supper. The arrangement was such that every great lady dominated a salon, **Baroness** Albert Rothschild, who did the honors that evening, one, **Marquise** Pallavicini the second, **Princess** Metternich the third, **Countess** Duchatel the fourth, etc. Eminent personalities should also be mentioned: the **Duchess** of Coburg, **Duke** Adolph von Nassau, the **Prince** von Teck, **Count** Robilant, etc."

One's imagination is nevertheless captivated with splendor and with at least shining names, especially one so unhealthy as that which presupposes the dominance of the stock exchange. If one doesn't hear anything about that in Frankfurt, it's only because it's not worthwhile there. There is a lack of lively decoration, which one gets gratuitously in Paris and Vienna and which, as we see, is moreover even not a little to put up with. It was absolutely impossible for Jewish malice to keep to itself that these sybaritic shows and performances have their very specific, and indeed financial, purpose⁹; and so the same Rothschild, in whose palace Princess Metternich "knows every little spot", must serve to let the real character of his family become a mockery, while it is written of him: "It is said that Baron **Nathaniel von Rothschild** in **Vienna** is to have spent no less than 60,000 guilders on roses and camellias to decorate his palace on the occasion of Princess Stephanie's entry into the Austrian capital city yesterday. The Rothschilds can indulge themselves in many things, but we do not think them so extravagant as to spend on flowers a sum which mere mortals consider quite a respectable fortune. The many big business deals, which the Rothschild Houses are about to carry out at the moment, will indeed yield again several millions, but despite it we consider the above statement to be exaggerated. **The Rothschilds are usually a little more modest in their spending than in their earnings...**"

So it is. And as far as these latter are concerned, namely the "earnings" — which, incidentally, as one knows, are also not lacking in the crowning of "titles and medals" — one would be greatly mistaken if one were to believe that Rothschild completely abstracted from the usual speculation

⁷ These people cannot do without perfidy.

⁸ Of course ... we are with Jews.

⁹ This self-exposing wickedness is often shameless and unruly among the Jews. The feuilletonist of the "Neue Freie Presse" (Spitzer) found nothing strange and significant about J. Rodenberg but his nose. that was always been his imagination of the nose with which Isaac sniffed Jacob's clothes... And when the press was full of the Spanish invitation to the Russian Jews, he scoffed at the whole situation — which, after all, could also have a serious appeal for him personally — by attributing the hospitable invitation to an excessive accumulation of old trousers in Spain....

business. One is just careful not to splinter the forces of the house. But several members of the same are among the largest bulls and have commitments on all major stock exchanges. A Rothschild from Paris emerges prominently in this respect, and it is well known that no other speculator even comes close to the size of his stakes. Needless to say, the operations of such heads of *haute finance* are closely connected with those of the "world house" and especially in such cases where a covert exertion of influence is to be exercised in the speculative field, their position becomes of extraordinary importance. They form, therefore, a most significant factor in the organism of Rothschild's exertion of fiscal influence, although the small stock exchange speculators are not even aware of its existence.

Besides, the Rothschild exertion of influence on bad speculation is more indirect. But the Frankfurt house in particular is very influential in this respect and even far surpasses the London house, which in England is by no means considered the first financial power, but rather still and probably forever ranks behind Baring. Only in France and Germany does Rothschild appear as the undeniable and undisputed first financial power. It is true that he was nevertheless able to gain greater vigor in Paris, because his power has not remained unchallenged up to the present day and has been severely threatened more than once. Perreire did not rise without thinking of taking Rothschild's place and Mirés even fought seriously, albeit with final total defeat for those; even the latest meteor in the sky of the Paris Stock Exchange, Philippart, actually crashed into Rothschild, and it only appears as one of those almost comical incidents in which the goings-on on the stock exchange are richer than one might think, that that one had to collide with Erlanger^u and thereby shatter in the collision. Erlanger certainly pulled out the 20 million that Philippart had in mind, but in this case 20 million was an actual wretchedness compared to the advantage of Rothschild, who quite unexpectedly saw his former agent in his service.

In Frankfurt, on the other hand, as mentioned, things are much calmer. After the old German companies, especially the first house of the past, Bethmann^v, had been dispossessed, everything went its own way here; the only serious challenge came from Erlanger, but it was quickly made temporary. But Sonnemann's enmity is only rubbish hostilities. And if a competitor should perhaps be created by founding the Darmstädter Bank^w, the same one has long since been in Rothschild's tow line.

In general, as far as Rothschild's main activity for the stock exchange and its effectiveness are concerned, it is a definite error to assume that the Viennese subsidiary is more important for the stock exchange than the Frankfurter one. That one, however, has a wilder speculation behind it; but these have a more solid and absorbing financial strength. Naturally, this has an effect on the whole way in which the "World House" operates. In its effect, however, the quiet activity, the luxury of which hardly goes beyond a certain platonic stimulation of the imagination, does not lag behind the pompous display of splendor in the larger places. In Frankfurt the cab drivers, who bring a reverent public to the Fahrgasse in the summertime in droves and let them admire the barely plastered and almost shabby looking Rothschild commercial building, manage without a penny as much as the performance of brilliant names elsewhere. This simple sight twice over impresses the simpleton. That's how inconspicuous the richest manage, they say to themselves, and save twice as much for the victim — on the stock exchange.

However, there is no lack of indirect effectiveness elsewhere either; and in the „k. k. privilegierten [Österreichischen] Kredit-Anstalt für Handel und Gewerbe“^x with its followers, Rothschild has an apparatus for indirect financial influence that is second to none. Of course, Rothschild also did not invent and construct the same. On the contrary, as one knows, the credit institute was founded by Herr von Bruck^y as a counterbalance to Rothschild's financial dominance. But the cunning policy (through which Rothschild has risen) to seek his strength not in opposition but in loyalty to

state power soon enough brought the hostile institution itself into his hands, and with it the enormous following that this had created itself and was constantly striving to strengthen and expand. We do not want to enumerate here the large number of institutions in Austria and Hungary that are directly dependent on the credit institution; but it should be emphasized that through them the financial or, more correctly, the speculative exertion of influence is extended into all branches of the state and social context. Mortgage credit institutions, savings banks, lending institutions, in short, all kinds of institutions that can in any way provide insight and influence into the financial situation, depend on the credit institution; and this moreover controls a large number of institutions which are intended to serve the economic life in a promotional manner.

Apart from a number of smaller channels, it exerts its influence in Germany — which besides the credit stock is the “leading” effect of the speculation — mainly through two strong arms. The “Bank for Commerce and Industry”, the Darmstädter Bank, is the first to present itself to us. The same forms the center of a banking network that ensnares the whole of southern Germany. The Frankfurter Bank, which was founded immediately after the formation of the Darmstädter Bank and was intended to counterbalance it, was never considered in this respect; it merely served the financial need for space. The Darmstädter Bank, however, has always been a cornerstone of the stock market game and agiotage. Their focus after the big one pertained to issuing activity; their effectiveness after the little one applied to the commission business and indeed exclusively to the commission business in the sense of the stock exchange and speculation. Their numerous limited partnerships served to strengthen such companies, whose main business consisted of attracting the larger public to the stock market game. In the “Bank for Southern Germany”, the Darmstädter Bank created a very lucrative money printing press, which indeed now became somewhat restricted, but which remained very important for the parent company. The domain of the Hessian Ludwig Railway (HLB) is now used again in a very remarkable way for agiotage.

In addition, Darmstädter Bank is linked to a number of other banks. In Frankfurt, the Deutsche Vereinsbank should be mentioned here in the first place; the credit institution in Frankfurt also maintains relationships with the Frankfurter Bankverein and with the Deutschen Effecten- und Wechselbank (German Securities and Exchange Bank). The Darmstädter Bank is the connecting link between them on the one hand and Rothschild on the other. From the Rhine it extends its connections via Köln, where its founders — Oppenheim jr. & Co.^z — sit, as far as Rotterdam and Amsterdam, where the banks named after these cities are among their foundations. In Swabia, their mainstay is the Württembergische Vereinsbank, which on the other hand is related to the Deutsche Vereinsbank. Recently, the banks have bonded even more closely with the founding of the Stuttgart banking firm Pflaum^{aa} & Co., which was set up to break off the threatening competition from the outset. However, an attempt was made to portray this start-up in as innocent a light as possible and was motivated by the supposed reluctance of the previous company owners to do business. This innocent motivation alone is sufficiently characterized by the entry of one of the company owners from Pflaum & Co. This innocent motivation alone is sufficiently characterized by the entry of one of the company owners from Pflaum & Co. into the Viennese limited partnership of the Darmstädter Bank, while the other “dedicates” himself to the new institute.

Through the new bank, this banking ring experiences a valuable expansion into the field that the Deutsche Effecten- und Wechselbank dominates to a rare extent. Admittedly, this bank has little luck in large-scale ventures. Its business in Lorraine with shares in iron works meant that its own dear son Cohnstädt^{bb}, whom it had placed so well with the “Frankfurter Zeitung”, had in those days disowned it. On the other hand, it is unsurpassed and unbeatable with the silent work of moles carrying the stock market risk to the broadest strata of the public. One can believe the advertisements for a stock drive of this bank at the word that its “commission business” has again increased significantly this year and presents the prospect of an extraordinary increase in its

earnings. It was precisely the conversions brought about by Rothschild and propagated by his followers that must result in an eminent expansion of the commission business, and with it a great increase in profits — of course at the expense of the public. On the other hand, the Frankfurter Bankverein, which is connected to this ring, is primarily an agiotage institute. Initially embroiled in issues and almost having failed, the banking association threw itself almost entirely on the agiotage and would have almost been prudent here too. Now that the Frankfurter Bankverein has learned to move carefully on this ground, it has become a valuable institute for the large investment companies, and it is often pushed to the fore, even where its appearance is of no value or importance. It also plays an important, albeit modest, role in the fluctuation of exchanges.

As is well known, the Darmstädter Bank has a branch office in Frankfurt as well as in Berlin. There the trefoil of Disconto-Gesellschaft — Darmstädter Bank — Bleichröder forms the decisive power on the stock exchange with the foundation of Rothschild.

As is generally known, the foundation of the Disconto-Commandit-Gesellschaft differs in its motives not insignificantly from the foundation of the Österreichische Kreditanstalt, with which we find it related so closely. This arose from the intention of an inspired, albeit trapped in the magic circle of a movement that was as overwhelming as it was little wholesome, spellbound man, who wanted to try to throw a dam against the crushing and state-threatening accumulation of capital. However, he was mistaken and instead only dug a new channel that led to the accumulation. But the founder of the Disconto-Gesellschaft had no brilliant idea; his creation was merely intended to demonstrate in practice that congeniality ceases in matters of money. And the institute has also corresponded with this purpose in an astonishing way. The Disconto-Gesellschaft prides itself on a series of undertakings that must be regarded as real beatings with a club to Germany's national prosperity. It showed affection for Doctor Strousberg and his conceptions, and one even accuses it of being keen itself to make invalid the German Reich's Disability Fund. The Disconto-Gesellschaft in connection with Bleichröder and Rothschild made possible the formation of the Romanian Railway Company and created new dupes for the old ones. The German Reich and Continental Railway Construction Company, which can neither live nor die, is only too related in nature to this "monumental" establishment. Formerly, the Disconto-Gesellschaft was a battering ram against "state commerce" and "state industry", even at a time when it had also brought completion to the Rothschild stunt of drawing money cheaply from the state in order to lend it back to them at a high price, and in our day, in contradiction with its past, it again cut its whistles in the nationalization of the railways.

The Disconto-Gesellschaft drew enormous profits from the wasteful cancellation of government bonds in the 1870s. From them it drew the mother's milk for its more-or-less atrocious establishments; each flowed to them in the form of the agio, which was also grafted onto every establishment. And indeed, the hopeless process of transferring the French war debt to Germany can be traced back to Hansemann's^{cc} influence on Camphausen and Delbrück. Now that the exchanges for the stock market swindle are to become the same as the terminations were before, the influence of the Disconto-Gesellschaft is again very clearly noticeable, and its former member of the board, Herr Miquél, as already mentioned, gave the leading example for these exchanges as Lord Mayor of Frankfurt — especially for the Hungarian ones...

In this ring, Bleichröder actually only plays the role of the lucky devil. He grew up in the backyard of Rothschild, but fortunately not to his annoyance; and perhaps today he is only significant through his association with Rothschild. Like Belmont^{dd} in New York and other Rothschild representatives in places where Rothschild is not himself established, for Bleichröder the connection with him became the source of the most lucrative arbitrage, and a period, which was an exceedingly short one even in the profit whirlpool of the stock market, sufficed for Bleichröder to make

him the first matador of the Berlin Stock Exchange. Up until 1871, however, he was generally regarded as just an appendage of Rothschild, and it was only during the period of swindles that he gained a certain independent importance, after he — incidentally still as a representative of Rothschild, who did not dare to take financially clever action himself — joined the financial advisory board at the preliminary negotiations at Versailles, and had already done his part to manage the financial arrangements in such a way, that the end result had to be a fool's errand with the "golden nothing" for the German people.

These are the main representatives of that Rothschild group, whose dazzling sub-groups circling them, together with an enormous, widely ramified following, completely dominate the financial life of at least Germany. There is no countervailing force of any importance against them here. And at the beginning of the blessed year 1881, they joined forces to "fertilize" the sublime contrivance of the lord mayor of Frankfurt.

Bontoux ee

Admittedly, here too there is no lack of signs that the trees will at least not grow to the sky; and now it even seems as if a real and serious rebel against Rothschild has risen — a rebel all the more since, if not coming out of the house of Rothschild in the particular sense, he has nevertheless made his way through the school of this house. For many years he was General Director of the Austrian Southern Railway, i.e., Rothschild's quasi-governor of the spheres of the "world house", the exploitation of which belongs to one of the most interesting chapters of Rothschild's growth and modern financial history in general.

In this eminent position, which at least had to be backed up by considerable specialist knowledge — if not also exactly in the actual realm of finance — Bontoux acquired perhaps enough insight into the theory and practice of Rothschild's financial operations to get the idea of trying to do it himself on equal ground but not allied with them; but he certainly gained numerous connections with those elements of the financial world who were inclined to rebel against the here-and-there intolerable Rothschild domination. And since he was quite domineering by nature and well aware of his importance, he did not shy away from asserting a position himself against Rothschild over time, which then certainly led to a break with him, but immediately also the appearance of an opposition that did not deny their willingness to fight with Rothschild, even wrote this fight on their banner.

Bontoux, although a Frenchman, was careful not to choose the smooth parquet floor of Paris for his duel. Too many had already slipped there before him; for in fact the ground is all too slippery there, and it is good not to get there until you have a bar somewhere else to hold on to. So did Erlanger; and it did him good when the trial came. Incidentally, Bontoux had been naturalized in Austria for a long time; after all, he knew this country better than his homeland, and in any case, nothing had happened there for a long time to give a counterweight to Rothschild's rule, although the need for such a counterweight was strong there, even among the heads of state; it can also end up making a finance minister really nervous to invariably see the white knight at every opportunity.

This is how the Österreichische Länderbank came into being as the center of the "Bontoux Group" and in contrast to the "Rothschild Group" with the Austrian credit institution. Unlike the Kredit-Anstalt, it did not come into being at the direct instigation of a minister to counterbalance the Rothschilds, but it was sponsored by the ministry.

However, the new founding and the new group hardly lived up to the expectations which, to be sure, were often attached to their appearance elsewhere. A physically sharp approach was soon followed by quite a letdown. The group had some success in the railroad field; but this it owed more to the experience, which was particularly expected of the leader in this field, than to the skillful financial and diplomatic direction of the whole. And indeed, there was no lack of opportunity to hit Rothschild hard; ... to destroy his Hungarian conversion business, the finely contrived one ... and in the end to jump in at the Italian loan — would these have been successes? Of course, as far as the Italian loan is concerned, Bontoux is a Frenchman; but his strength proved insufficient even in Hungary; and this is significant.

The Conversions

Hungary. Galicians. Palatinates. The Swiss. Pomeranians. The Prussian Railways.

The egg that Frankfurt's Lord Mayor put on the table with as much skill as haste was not the usual conversion egg, whereby it bargains simply for an exchange between old and new securities and altered mode of rate of return, although there is only a slight change in ownership. Something jumps out, of course only little for the stock market. Nothing is gained in this way for the production of "fools" in droves; but this latter alone was what one wanted. Well, the path had now been found, and even if it didn't promise quite as much as the cancellations had given ten years ago, it was worth opening it up. But the path was one that did not really change, but only apparently rather, the previous creditors were thrown out the door and were resigned to look for new investments for their capital, which had suddenly become liquid.

There was no lack of external causes for conversions. The interest rate has fallen very low; securities that carry more than four percent and can be considered safe are above par; and undoubtedly the debtor's right to benefit from favorable times must not be wasted away; for he must suffer from unfavorable circumstances. This applies to state and local communities as well as private individuals. But just as the latter should refrain from all frivolity in their economic measures, so the leaders of the former make themselves criminals in social and state organization and development if they injure the common interest. The commonwealths have interests that outweigh the eventual savings of a fraction of interest. If, therefore, it is also a matter for the commonwealth to protect the legitimate interest of cheaper debt interest, any deeper disturbance of holdings must be avoided; for the preservation of property represents a much higher common interest than the accumulation of it. However, under the given circumstances, every careless contact that the property situation undergoes leads to the agitation of the holdings and further to the increased accumulation of it at the expense of the common good.

When the "world house" and its followers planned their latest attack on the public welfare, they were initially presented with plenty of targets for attack. In Germany, little could indeed be done on state soil, since the rate of interest was already moderate here. But the rail sector offered a large field, because the priority loans from the Prussian railways alone amount to around 1,500 million. The Disconto-Gesellschaft and Herr von Bleichröder were given the task of conquering this area.

But while the mood here was no longer all that favorable to one of the stock exchanges, and one had to be prepared for considerable difficulties from the outset, one turned in the meantime in a direction where one was sure of success. Here — in spite of the Länderbank — the credit institution was entrusted with the settlement of the matter, and one was so certain of success that one immediately, and without the public having any idea where one was headed, directed all stock exchange operations in this direction.

The 6% **Hungarian Gold Rente** was designed to duly celebrate Rothschild's entry into the circle of "economic recovery" this time. The object left nothing to be desired. With a nominal capital of **four hundred million guilders**, it represented a respectable sum. With an interest rate of 6% and a tolerably calm political environment, private capital had also turned to this "Rente" frequently, and the Rothschild Group could therefore expect that a "conversion" of them would have a sufficiently deep influence to cause a widespread property disruption, especially if precautions were likewise provided to open up as many prospects as possible to the ever-attentive greed.

The conferences regarding the "conversion" of the 4% Hungarian Rente began in the early summer of 1880 and at the same time to secure those stock exchange operations, which were designed both to stimulate the public and to give speculation a direction, as well as to secure for the Rothschild Group that advance profit, which, perhaps even bigger than the main profit, makes it even more important. Under the influence of these operations, the 4% Hungarian Gold Rente, quoted at 84 on 31 December 1879, reached 96 on 30 June 1880, and even rose to 97 on July 2nd. Now, however, the negotiations came to a standstill, the Hungarian finance minister felt pricks of conscience, and influences (Bontoux) that were not favorable to the Rothschild Group asserted themselves. The entire business became questionable.

The picture on the stock exchange quickly changed; the "good opinion" for Hungary faded and already on July 15th we see the Hungarian 6% down again to 94½, on July 31st it stands at 92¾.

That hint worked. The Magyars, who had imagined — they are richer in imagination than anything else — that the "Magyar superpower" was active on the stock exchange and that the European nations had all already fallen under the magic of Hungarian luster, nevertheless realized a dim light, and since it was clearly said that for a financial system as rotten as Hungary's, a rate of 60 and even less for the 6% was high enough, whereby — as was later openly said even on the Pest stock exchange — personal arguments also came to the fore again more emphatically, the "native statesmen" on the central Danube became firmly convinced that conversion was inevitable. The incident had also had of course its advantages for the Rothschild Group; it had contributed not a little to increasing the Group's strength for the actual operation in the form in which it was intended. The exchange rate rose again, but only moderately and with interruptions, until Bontoux interfered in full, and the Magyars showed a desire to make a pact with him. Then began a new sharp detour. The 6% Rente, which had climbed back up to 95½ in the early days of September, fell again just as rapidly as it had a few weeks earlier; on September 30th the quotation was 91¾ and on October 12th it was 89½. On this day, however, Rothschild definitely triumphed over his opponent. He left him a small side business; but the main business was safe for him, and we notice this immediately on the stock exchange, where on October 13th the Hungarians were already up more than 2% to 91½ and an extremely vigorous business has emerged.

Since then, the "Gold Hungarians" have not been rising rapidly, but steadily to the point where Rothschild and his people want them to pull their prank; on 31 October 1880 those are at 92¾, and 93½ on December 31st. As long as the business is only "in principle" fixed, while negotiations are pending because of the details, the price increase is quite moderate; Rothschild showed the financial and state craftsmen in Pest what he can do, he also doesn't want to make them cocky again by proceeding too quickly and be forced to go back again, as easy as it is for him to go back and forth given the "monumental" status of the Hungarian credit.

But as soon as the "business" stood firm in the details — the white knight had really made a masterpiece — the Hungarian star in the sky of the stock exchange rose with an almost unheard-of brilliance. The exchange rate of the 6% now rose rapidly, and when the day of publication finally approached, the quotation of 102½ was reached — 14% above that of 13 October 1880.

Such an event should be seriously examined. And in this particular case, all the ancillary circumstances are carefully considered. Here we have attempted to outline the movement on the stock exchange and how it is influenced. But let us take a look at the press. We fall from one astonishment into the other; indeed, the brazenness we encounter there surpasses even that of the founding years, and it seems pointless to make any attempt to characterize this impudence through a reproduction, however partial, of their eruptions. The advertisements for the Hungarian conversion, so far as they are in our possession, would fill at least two strong volumes, and we were, of course, able to acquire only a small fraction of the total. The panegyric given in the first section is by no means the most unbelievable. In particular, however, German Austria must pay the costs of the new Hungarian celebrity; this certainly seems to be its modern mission, and we ought not be surprised if Rothschild makes capital out of it; Austria has no further purpose for him.

"The operation of the Hungarian finance minister therefore means a veritable credit revolution, poor Hungary wants to adjust the interest rate on its loans to that which the richer Austria grants, we are stepping back despite the increase in the price of our Rentes, because the relative scale is shifting, because the capital which the Leitha disregards as a theoretical limit and asserts that the preference for Austrian credit is unjustified, that speculation has the task of exploiting this error and of bringing about a rapid adjustment". ... This is how the "Neue Freie Presse" (April 9) had to write, when it was still a matter of sweetening the dreadful pill for the Hungarian Reichstag to increase the debt burden by almost 200 million guilders in the blink of an eye. ... And just as the panegyric in the "Allgemeine Zeitung" after the success of the first trick throws the Hungarian finance minister in bunches of laurels, here the prime minister is already receiving his uncut part: "The conversion of the Hungarian Gold Rente, the attempt to make Hungary's improved credit permanently usable for finances, is the finest work of the Tisza^{ff} cabinet and proof of the progress of a country whose titer on the money markets was counted at that demimonde just a few years ago, which one catches in flight, in order to leave them quickly again". ... Certainly, the publicity is embellished a little, even with sable fur, and "success" is praised as a "product of a parliamentary regime" — Rothschild is really quite modest — but whoever wants the end must also want the means. "Count Szapáry^{gg} will present his conversion bill on Tuesday, to the expected cheers of the entire lower house", the "Neue Freie Presse" knew that in advance, and it was certainly well inspired; ...on the same day that it wrote this, the same foresight could also be heard at the Frankfurt stock exchange ... only with the strange addition already mentioned: This is only possible in Hungary... in Hungary, where you can buy anyone. Even then, to the "Neue Freie Presse" is the Hungarian finance minister "an aspiring statesman with bold initiative". And yet, finally, one must concede: The Hungarian conversion is not "a consequence of the improved financial situation and that consolidation, which justifies a legal title for a better credit". ... So, what is it? Undoubtedly the result of a swindle ... or more correctly: ... it is the swindle itself. In fact, it is the swindle itself in a state that has never since existed without a deficit, whose greatest achievement consists in the fact that it is 100 million guilders in debt every year for the first seven years of its existence and has had an average annual deficit of 36,000,000 for the last six years.¹⁰⁾

In fact, this bargain is reminiscent of Esau's mess of pottage like few others. For a return on interest that was hardly worth mentioning, the Hungarian government agreed to a colossal increase in its already outrageously swollen debt, simply because the gentlemen of the Rothschild Group

¹⁰⁾ The deficit came to 1875: fl. 40,498,436, ca. 21% of the revenues,
 „ 31,260,933, ca. 14% „ „
 „ 26,451,034, ca. 13% „ „
 „ 53,240,131, ca. 24% „ „
 „ 36,260,045, ca. 15% „ „
 „ 38,323,061, ca. 16% „ „

thought it good to more firmly operate the vacuum pump in the country forfeited to them. Primarily the capital-owning public is endangered by the “conversion”, for the considerable increase in speculation “capital”, in which this conversion will assert itself on the stock exchange, will of course not remain without an influence on the fluctuation of prices. This is all the more important when we are dealing with such **questionable** “values” as the Hungarian ones. By increasing the amount of the debt, combined with the reduction in the rate of interest on the Hungarian Gold Rente, a new, effective means of “fixing” is created, which means the “world houses” will know how to successfully use, especially in uncertain times, in order to dump the **small** capitalists in droves and seize their share of the holdings.

As mentioned, the gentlemen who did the business acted with incomparable refinement ... with unprecedented refinement, in fact, because it was in this affair that the newest kind of tipping was introduced: the gratuity to the **government** debtor! With this gratuity, the **“conversion of the Hungarian Gold Rente”** became perfect and one could bring the amount of 320 million marks from the new “4%” to the stock exchange. The gentlemen of Rothschild and their friends initially earned the modest amount of only about **9 million** marks in “commission” fees, and at the same time — what is most interesting — they pushed into the hand of the Hungarian “state” the mentioned “gratuity” of about 2 million marks. That is a **“state”** to be proud of! Of course, that modest “earnings” of 9 million marks does not include what was already raked in with the agiotage with a six percent Rente. We have already explained how, when the idea of this trick against the national welfare arose in silence, the resources that *“haute finance”* has so plentifully at its disposal were used to influence the course of the Hungarian 6% Gold Rente; and needless to say, the favorable opportunity was not missed to carry out as far as possible the “exchange” between the vaults of the clientele and those of the instigators, so popular on the stock exchange, at a price almost 14% lower than today’s. Because the business was safe in any case. The “earnings” made by the “Rothschild Group” in this way should very considerably exceed the clear profit of **9 million marks**, which the gentlemen backhandedly awarded themselves with the first flotation, and the agiotage, which will align itself with the “conversion”, will double the new Rothschild “earnings” again. In fact, the Berliner Börsen-Kourier is quite right when, doubting that Herr Nathaniel von Rothschild spent 60,000 guilders on the flower decorations of his house on the occasion of Princess Stephanie’s entry into Vienna, it says that the Rothschilds are usually more moderate in their expenses than in their “earnings”. But we have not the slightest reason to marvel at the rapid progress of social disintegration. Where is the statesman who would be inclined to lay the axe to the root?

In the same proportion as in the first issuance, the “earnings” of the Rothschild group will be repeated in the later issuances. But now it is a total of 400 million guilders, i.e., 800 million marks nominal. ... The profit difference between the underwriting price and the issuance price will therefore amount to at least 31½ million guilders, while the premium profit from agiotage already pocketed can easily be estimated at the same amount without hesitation.

This is without a doubt the very fine **obverse** of a medal that really took little trouble to strike. But now the **reverse**.

We heard how wondrous the tones of the fanfare sounded when they were supposed to embody the Hungarian finance minister in all his genius. He led his country to a victory such as Attila never won. He elevated it to a level of success higher than that of France’s billion-franc bond. Hungary’s credit has become the best in Europe, its profit colossal. ...

Let’s look at these proceeds! Hungary’s debt burden is nearly 1,200 million guilders, and including the contribution to the common debt of the Austrian monarchy, the country has to expend almost 100 million guilders annually on the debt. The six-percent Gold Rente amounted to 24

million guilders annually. Since, needless to say, every holder of a 6% Rente has the right to reclaim 100 guilders for every 6 guilders, and since the new 4% Rente went to the Rothschild Group, in order to raise the necessary sum to repay the old Rente, the expenditure in such an amount of about 550 million is required. These ca. 550 million commands ca. 22½ million guilders annually! So, the annual proceeds of Hungary with an annual debt requirement of 98½ million guilders amounts to 1½ million guilders! No doubt plenty of reason for Attila or Saint Stephen to rise from out of the grave and admire the modern-day glory of their "sons". And for such a dirty trick of barely 1½% per year, these "native statesmen" let their debt burden increase by 150 million, i.e., by more than 10% of the direct debt. However, fanfares are needed to sedate even the laxest conscience! Those 2% interest rates can and will very likely be completely lost again in the exchange rate **as a result of this hopeless financial operation; and this loss would then in turn only be a gain for the "world houses", which take care of the conveyance of interest payments between the Hungarian state treasury and the European public.**

But now the further consequences. The state debt has increased by 150 million guilders, without the announced interest savings being able to exert any influence on the deficit. The deficit therefore lingers on and must be covered by borrowing or by issuing new Rente securities. Does the Pest Treasury not have enough sense to realize that 150 million guilders in debt will exercise a more or less serious influence when it comes to finding accommodation for placing perhaps another 150 million guilders in obligations or Rente? Has the Hungarian finance minister made provisions for such a case, which he must surely see coming? Hardly. For otherwise he would not be the brilliant finance minister of Rothschild's ostentation.

From out of our observation, this "**most monumental phenomenon**" — yes, we admit it, it is a monumental phenomenon, so monumental that it makes one dizzy — **of the financial history of the century** rises to a colossal danger for the finances of the Hungarian state. And that is by no means irrelevant for us in Germany given the high level of development of the state and corporate relationships. However, the internal financial and economic conditions in all of Europe and also of Germany come into serious question. What now, if some political crisis also affects Hungary? The high rate of interest, which the 6% Rente represented until recently, apparently provided a guarantee for a certain stability in the possession of the Rente itself. Nevertheless, we have seen to what colossal fluctuations in the rate or value these holdings could be subjected without an external or serious internal crisis, yes, even at the time of certain domestic and external political successes of the Hungarian government, simply because this was found to be in the interest of a frivolous financial clique based on profit and exploitation at all costs.

Now the high rate of interest has been destroyed in one fell swoop. In 1880 the purchase of 100 guilders at 6% Rente, taken as an approximate average of 93, still yielded a return of 6-9/20%, and even after the Rente had been pushed up to 102½, a return of 5½%. Now, however, at the issue price of 77, the profitability is only 5-1/7%, and at the stock market price of more than 80, to which the 4% has already been driven — of course only temporarily and until the complete launch of the comprehensive Rente — barely yet 5%. "A country that is administered like Hungary cannot claim such an interest rate" ... it was said, and rightly so, on the Frankfurt Stock Exchange.

But if Hungary cannot demand this rate of interest, what else can be expected than an imminent drop in the price to a level that corresponds to what the Hungarian administration is doing. ... It should please us, if this administration sees this as an incentive to improve. But the Rothschild Group hardly counts on that. So, soon after complete accommodation of the 4% Rente, a decline in it and under certain circumstances — depending on the current interests of the Rothschild Group — a very rapid and deeper one is to be expected. However, should a crisis occur, especially

a political one in Austria and the Orient, the losses for private property can also increase enormously.

Contrast these dangers with what shines **directly** out of this “most monumental phenomenon” in private ownership; for it is customary in the case of a conversion to grant the converting party a conversion premium in order to make the permanent disadvantage of a reduction in interest more bearable for them, at least through the temporary advantage of a small increase in capital, and we may expect that when the increase in the debt of the State is more than 35%, the conversion premium granted to the previous Rente creditors will also be a corresponding one.

But now the prospectus for the subscription to the first 160 million guilders, which took place on 19 May 1881, determines this:

- “3.¹¹⁾ The subscription price of the 4% bonds with interest coupons from 1 July 1881 onwards is fixed at 77 $\frac{3}{8}$ guilders of gold for every 100 guilders of nominal capital.
- “4. Payment of the allocated amount can be made either in bonds of the Hungarian 6% Gold Interest-bearing Rente-Bond or in cash, which the subscriber must declare when registering for the subscription. Subsequent changes to this declaration are not permitted.
- “5. In the first case, the subscriber redeemed the allocated 4% bonds in the period from May 27th to July 1st of this year. The 6% bonds are accepted in lieu of payment in any piece of any issuance with coupons for interest from 1 July 1881 with 102.50 guilders gold for each 100 guilders nominal capital, without the missing current coupon for the 6% or 4% bonds. The subscriber must compensate for any fraction of the deposit amount by making an additional cash payment, which, however, must not exceed 400 guilders in gold.
- “6. When subscribing for spot cash, the subscriber has the allotted bonds to redeem from May 27th of this year, at the latest on July 1st of this year. In the case of acceptance before July 1st of this year — which is also permitted in installments of no less than 5,000 guilders nominal, the subscriber will be paid 4% accrued interest on the nominal amount from the day of acceptance until July 1st.
- “7. The buying must be effected at the same place, where the subscribing was accepted, and takes place in the areas specified by the provisional certificates to be issued by the Royal Hungarian Ministry of Finance, which will be exchanged for the definitive securities in accordance with the issued promulgation.
- “8. In Budapest, Vienna and the other delivery points of the Austro-Hungarian monarchy, each cash deposit or additional payment can either be calculated in marks, German imperial currency, **1 guilder gold = 2 marks**, or in Austrian bank value at the respective rates to be announced by the subscription offices.

In Berlin, Frankfurt am Main and Köln, every cash payment or additional payment will be made in marks, German imperial currency, **1 guilder gold = 2 marks**.

- “9. The subscribers will be informed of the result of the allocation as soon as possible after the end of the subscription by the place where the registration took place.

“Each subscription agent has the power to determine the amount of the allotment at its discretion.

¹¹ §§. 1 and 2 contain the usual general provisions.

"Registrations for certain sections of the 4% bond can only be considered to the extent that this is compatible with the interests of the other subscribers at the discretion of the subscription agent.

"For the subscription amounts allocated, the corresponding deposit will be withheld, while the subscribers are entitled to dispose of the deposit amounts released."

So, the "conversion premium" corresponds exactly to the rate to which the Rothschild Group had pushed up the 6% Gold Rente; and however, holders of the 6% bond will be granted 2½% over the face value of the securities on exchange, while the bond was issued 4 years ago at a price of 81.

In fact, even those who bought the 6% bond at the highest price of 102½ still suffered a loss of 77¾%. That is to say, if you bought a 6% pension at 102½, one percent costs 17-1/12, i.e., **four** percent, 68⅓. In this way, through an unparalleled sleight of hand, the entire price earnings, that the increase in rent from the 6% Rente had brought to those involved since July 1880, was overwritten completely and down to the penny into the pockets of the issuing companies! —

So, instead of receiving a premium, the holders of the 6% Rente **pay** one in exchange for 4%, and this is of course the greater, the cheaper it comes into the possession of those who find it.

Of course, such a procedure was only possible with disregard for all "acquired rights" that the owner attached to the 6% Rente. The process was only possible by turning the concept of conversion on its head and simply throwing the Rente owners out the door. And for this purpose, the Lord Mayor of Frankfurt had just established the model. The holders of the old Rente were not offered the new one, but were only permitted to subscribe like everyone else, and received no more allotted than the issuers liked. The blow to these old rentiers is therefore twofold: not only are they colossally deprived of their holdings, but they are also thrown into it, provided they are not involved in the stock market game. They are forced to give up their holdings; provided they are not taken into account with their registrations for exchange, they have to sell and can then buy a new 4% Rente, of course no longer at 77¾, rather with the precautionary, already issued premium of 3-4%! ... So, the premium, that the private owners of the 6% Rente do not **receive** but are forced to pay to the issuers, increases to almost 14%. And faced with the fact that the real holders of 6% Rentes are being reduced in their holdings in this outrageous manner, one still has the nerve to claim in cheeky advertisements that one wants to favor solid private capital! ...

This is how we get the result:

Through the so-called conversion of the 6% Rente into a 4% one, the Hungarian government increases its national debt burden by 140–150 million guilders, i.e., by about 10%. The country gains nothing on the other hand; because the reduction in interest payments of 1½–2 million guilders annually is completely illusory; however, it does receive a gratuity of about 7 million guilders from the "first financial group in the world" and may then perhaps imagine that it is considered to be the most powerful government in the world.

The holders of the 6% Rente then lose around 14% of the value of their assets.

So, neither the creditor nor the debtor benefits; and since Hungary's debt increases by 140–150 million guilders as a result of the conversion, it is imperative that this amount falls entirely into the hands of the Rothschild Group. Furthermore then, all that noise was useless. ...

Proudhon^{hh} really did not need to limit his famous sentence to real estate property: *La propriété c'est le vol* [ownership is theft].

As it was stated, the prank was introduced amidst the greatest uproar; of course, not even one of the drums that was beaten was the property of the clique, as Herr von Rothschild himself admitted; and not even in imitation did the Rothschild Group show any particular creative power. As already mentioned, it was important to the Group to make the public understand that the whole swindle affair had been carried out in the interests of the silent holders — because it is always aimed at them; albeit in a different sense than one is trying to teach them, and since the “business” had only just begun, work had to be done immediately to continue it. In order to accomplish this elegantly, one had to one’s own pocket by having the “Berliner Börsen-Courier” proclaim after the subscription:

“The rush in the exchange office of the Discontogesellschaft, at the coupon and exchange desk of the S. Bleichröderⁱⁱ bank, to subscribe to the new 4% Hungarian Gold Rente was downright unheard-of today. At the Disconto-Gesellschaft the crowds thronging to subscribe not only filled the large room of the exchange office, but those keen to subscribe stood right out on the street and numbers had to be handed out, according to which the processing and acceptance of the subscriptions took place. Things were not much different at the S. Bleichröder bank, where the droves of subscribers were divided into those who wanted to subscribe for cash and those who wanted to subscribe for a 6% Hungarian Gold Rente, and where the former were included in the coupon checkout, the latter cleared in the securities checkout. The result of the subscription cannot yet be assessed at all, but we have received reports from Frankfurt, Vienna, and Pest of a correspondingly enormous rush to the designated offices. In London and Paris, according to the reports received by the local issuing offices, the rush is also enormous and subscriptions for several billions will probably be received instead of the required 160 million Hungarian Gold Rente. We hardly think it will be possible to allocate more than a few % on the subscriptions. After such a colossal rush for subscriptions, it would seem only natural to us to proceed with the further settlement of the Hungarian conversion business in a short time, if the further amounts of Hungarian 4% Gold Rente were to be started soon in the open market. The market is so receptive to the new security, the demand for it is so great, that the consortium, if material were available elsewhere, which is not the case, could already at once comfortably pay the entire sum of over 500 million guilders.”

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¹² The day before, the “Berliner Börsen-Courier” had shown the deed in the following note: “It was interesting enough to observe the hustle and bustle already today at the counters at the Disconto-Gesellschaft and S. Bleichröder. In the exchange office of the Disconto-Gesellschaft — where the subscriptions are received — and at the bank named above, the public thronged in thick droves to subscribe for Hungarian Gold Rentes, although the subscriptions will not take place until tomorrow, while the bankers’ subscriptions take place mostly by letter, so that this rush is actually ascribed to the direct participation of the public (!!). As far as can be seen so far, not only will there be a quite extraordinary reduction in subscriptions, but only negligibly small amounts of the subscription sums will be able to be allocated, all the more so since London and Paris have laid their hands on most of the existing stock in advance. Perhaps the large sales that have been carried out in Russian funds in recent times have also contributed to the fact that the demand for the new Hungarian Rente has increased quite extraordinarily. The public, frightened (!!) from its investments in Russian funds, frightened (!!!) by the confused political situations and by the embittered defiance that now seems to rule the tsarist empire from above, turns to other loans, and Hungary has in a short time managed to have its state credit rated higher than that of Russia. The 4% Hungarian Gold Rente issued at 77½% while 4% Russian bonds are trading at 75½%. The difference in interest between the two securities is therefore not significant, and for this reason we find it understandable that the public often proceeds with such barter operations.”

Incidentally, Herr von Rothschild seems particularly fond of bartering — we recall the well-known saying — as may be ascertained from other omissions evidently inspired by him. — In the face of doing such, however, one dares to continue to print in the same “Berliner Börsen-Courier”: “...the consortium has done everything in its power when subscribing to give preference to solid capital, which is acquired for permanent investment, over speculation; from the very beginning it made no secret of the fact that it did

That's an old psalm — nothing more and has already been dished out ad nauseum elsewhere by Herr von Rothschild and his family. But it shows how the gentlemen use every means to make the audience "foolish". This affluence has not understood how to become noble, and it will never understand. ...

Apart from the Hungarian "conversion", all the others disappear, especially as far as the magnificence of the committed swindle is concerned, although we could list a whole series of them.

The Hungarian conversion comes closest to that of the Galician Karl-Ludwigs-Bahn; this also lacks any real background; it also only has the purpose of disturbing the holdings and letting cheap "earnings" grow for conversion companies out of this disturbance. The "unification of debt" was of course only a pretext. The terms of this conversion stated the following:

"The holders of priority obligations of the four issues to be retired are offered the exchange of their 5% debt securities for 4½% priority obligations at a premium of 10%, so that **for every ten units at 5% they receive eleven units at 4½%** per 300 fl. [Forint (Florin)], and for the remaining amount that cannot be settled **by actual securities, a cash payment of 28.50 fl. in Austrian silver** per obligation or the exchange equivalent in Reichsmarks."

The original amount of the bonds was 39,200,000 guilders, part of which was amortized. Here, too, the debt increased by 10%, without bringing about a reduction in interest. Because the creditor receives only 4½% interest instead of 5%, but instead of 3000 fl. 3300 guilders capital; the annual interest profit of the Galician Karl-Ludwigs-Bahn amounts to no more than 2½ fl. for 3,000 fl. — which is certainly not worth undertaking such a laborious operation, which is also inconvenient for the debtor. But Herr von Rothschild commanded, and so it happened.

Similarly, the conversion of the 5% bonds of the Bernische Jurabahngesellschaft [Bernese Jura Railway Co.] concerns four older 5% bonds totaling 28,250,000 francs. Through this conversion, however, the Bernese Jura Railway accrues a considerable profit from interest; but we shall show elsewhere that the cantonal government, especially as a republican government, had every reason to refuse permission to convert.

This also includes the conversion of the Pfälzische Bahnen [Palatinate railways] bonds and, to a certain extent, the 4½% bond certificates of the Pomeranian region.

All these securities fall within the sphere of the Rothschild Group, and while they are not as bogus as the Hungarian company, they greatly increase the public's danger of seeing their property swindled.

We do not dispute the legitimacy of the conversions per se. Just as the possession of capital claims the right to tighten the terms of the loan and to increase the rate of interest in times of capital shortage, so the creditor cannot be expected to forego the advantages of the increased availability of capital. However, if the private individual should already be on his guard not to succumb to frivolity on the ground of economic viability, then a **commonwealth** utterly slaps itself in the face, it lays the roots of the nature of its own existence if it follows the swindle, supports it, and contributes to driving "fools" into its arms. In any case, the conversion must also show an actual benefit accruing to the commonwealth, if the converting community or corporation does not want to bring guilt upon itself by merely being at the service of the swindle.

not care much about participating in speculation and thus also **stated** sufficiently that it did not value a seemingly brilliant success, **such as we experienced with the French billion-Franc subscription (!!!), and will therefore make absolutely no effort to achieve one.**" Can one be any more outrageous?

From this point of view, too, we have nothing more to say regarding the so-called Hungarian "conversion". In relation to the railroads, that one is doubly entitled. For in the case of the railroads, in so far as the solid capital public is involved, the owners of shares and of priorities are mostly the same people. Anyone who becomes a shareholder in a railroad company will, in most cases, find reason to donate his capital to companies that are to a certain extent related to him, even if the latter acts as a loaner.

It is therefore rather irrelevant whether the net proceeds of such a company reaches the public in the form of stock dividends or preferential interest. This may be less of a concern for those entitled to a share in profits, whose benefits increase as the dividend yield grows. That is why the directorates and boards of directors are so easily inclined to succumb to the temptations that come their way from the side of high finance. Incidentally, the fact that the railroad administration is also able to take a correct standpoint in the face of these temptations is proven by the Thuringian railway, whose administration — which was attacked most violently and without any reason by the "Frankfurter Zeitung" in 1880 in favor of the American railways — declared in response to the impertinence, that it would also proceed with the conversion, that it did not seem appropriate, at a time when the main enterprise was more profitable, to ruthlessly cut off the creditors who were willing at the time of need.

This explanation does not quite exhaust what comes into consideration in railroad conversions, but it fits the particular case and in good principle. It is also true that in the case of railways a conversion can only appear justified if the general income falls, since, after all, conversion does not differ significantly from **repudiation**. It may therefore only be undertaken in the event of an emergency or in the event of a significant improvement in the circumstances of the debtor community of possession. In the case of stock companies, therefore, economic viability and social policy can only recognize the right to conversion if the yield in general falls and unprofitability threatens; in the case of government bonds — but especially in the case of **Rentes**, the essence of which is actually based on non-cancellability — only the consideration of relief for the taxpayer should be decisive. In all cases, however, the implementation of the measure must be carried out with the greatest caution and kept free from all bogus appearances.

The secondary "conversions" referred to above were left to the Rothschild Group ... That says enough. With regard to them, however, we establish that, where it was a question of **actual** and not just so-called conversion, the public also stated here that it was not so easy to rally to "fools", since only a small percentage of the old securities were not registered for immediate conversion.

Of course, the Rothschild Group seeks overall to exploit wherever there is a possibility of conversion. One Austrian railway after the other comes into question. Nets are already being cast out, also with regard to the **Austrian Rente**. Attention is also being paid to the smaller states; no less on the cities. Nevertheless, the large chunk of **Prussian** railway priorities — almost 1.5 million marks — does not seem up to them, despite the fact that every effort has been made and every influence exerted to get hold of it. The Prussian Minister of Public Works responded to the first such request (from the Berlin-Anhalt Railway) on 17 May 1881.

"In response to the report of the 14th of last month, I am informing the Royal Railway Commissariat, in agreement with the Minister of Finance, that an application by the Berlin-Anhalt Railway Company for approval of the conversion of the company's 4½% priority bonds into 4% cannot be accepted. Not taken from the nature of the specific case, but overriding general reasons of an economic and financial policy nature currently prohibit consenting to such a conversion, which is in the interest of the shareholders, in this and in all similar cases (of which meanwhile, several of them have already been discussed here, some of them with very important monetary objects), and to ask for the highest approval for it, reasons which have also been authoritative for the

Minister of Finance not to make use of the authorization given to him by the relevant laws to terminate 4½% priority bonds of the nationalized railways to any extent other than that done soon after the nationalization of the railways.

"The amount of the licensed 4½% priority bonds of the Prussian railways currently amounts to no less than a total of around 1,427,256,000 marks. If one of the railway companies were permitted to reduce the rate of interest on its bonds to 4%, the rest of the companies could not, in general, be refused to do the same. Such a measure, to be approved of by the most far-reaching, most serious consequences for the national well-being, would not be reconciled with the points of view which were primarily dominant when the law of 17 July 1833 was enacted, and which have since been adhered to in relation to the loan securities of the private railway companies."

A single ray of light in the chaos of the "monumental" swindle! —

Consequences of the Swindle. New Securities. Latest Americans. The Italians. Strousberg *redivivus*. Bucharest Stock Market etc.

It goes without saying that the Rothschild Group and its individual members find neither satisfaction nor sufficient activity within the economic boom through the conversion operations, the main purpose of which is in any case to disturb the holdings. As we have shown, the agiotage in particular rests in reliable hands, while those little ones who are just trying to get started will find more than the great ones would like. However, their services are so valuable, and they are also so far removed from actually becoming dangerous for them that they are allowed to proceed. Even Strousberg reappears in this way behind the scenes of the Vereinsbank (formerly Sternberg & Co.). The outline of the latter in the area of the tramway is entirely based on Strousberg's model.

But this model, which, as is well known, is not original, has long since been faithfully copied, even back in the "founding years". And the gentlemen do indeed consider it appropriate to clear up the old sourdough that has been sitting in the throat since that time. Old "securities" become brand new again. Even before the dog days, the honorable Discontogesellschaft brought the salted shares of the Dortmund-Gronau-Enscheder railways onto the stock exchange table, and the trick, as well as the complete denial of all sense of honor with which the process Mamluks of the Rothschild Group tried to masticate this corrupt launch out to the "stupid" public, was amazing. It is an asset of 18,000,000 marks face value, representing some 4 million in reality, on which it is now hoped to "earn" 9–10 million.

In addition, the credit institution makes an even better deal on the *Theißloosen* [regarding a surname "Theiß", the river, or a particular exchange?] and of course the profit from the stock exchange is realized as quickly as possible with the help of the famous "semi-annual financial statements". However, the main business of the Group is still pending. These will come to light when the confusion is the greatest. And faced with this prospect, there is no other consolation than the vexatious one: that the trees don't grow into the sky.

The failure of the Italian deal, which was arranged no less cleverly than the Hungarian one, certainly gives this feeble consolation a glimpse of background. Truly, it must have been difficult for the managers of the Group to do without this fat roast. The loan (5% Rente) represented a sum as respectable as the Hungarian conversion. The nominal value of the deal is no less than 644 million lire; and since the bond was taken over by the issuing houses at a price of 88½, although the terms of the contract still result in a rather considerable extra profit, which may amount to 1-1½%, at the issue price of 91, the direct profit of the issuers is around 25 million lire. But the Rothschild Group would have made much more of this; admittedly, the Baring Brothers — the

only financial house in Europe that is still as strong as Rothschild and even far surpasses him in reputation in England, where the *Alliance israélite* at least still has strong competition — have at least not exactly copied Hoff and Barnum in their publicity. The issued amount was hardly over-subscribed. Incidentally, the Rothschild Group, which dropped its main business for fear of France, is at least participating in the business on the side by having already begun to exploit it in its usual grandiose manner. Meanwhile, Rothschild is preparing to continue his activities in Hungary. Everything that the Baring Brothers can do disappears before this "killing". And if not entirely for the personal pleasure of the Great Fish, at least for the greater honor of the *Alliance*, the Little Fish swim merrily in the turbulent stream. The new Americans were followed by the latest Gans-Budge-Schiff^{kk} breed. Messrs. Seligmann^{ll} and Stettheimer^{mm} issue vouchers for railways in the moon, so to speak. Can even the smallest founders be left out? And under the patronage of the "Frankfurter Zeitung", even the American "Chares" [referring to the Greek general?], until now unknown to us, were introduced at the Frankfurt Stock Exchange. No wonder that even an honorable member of the supervisory board of the German trading company comes out boldly and puts his few mill wheels on the stock exchange for 3,300,000 marks? ...

But in order to complete the dog-day fun, the "Frankfurter Zeitung" tells us in between that the "cultural missionary"ⁿⁿ establishment of a stock exchange in Bucharest will bring salvation to the rotten country of Romania.... The stockbrokers will work there ... really work ... take the fields into their own hands ... so says the "Frankfurter Zeitung" ... and they — have never lied.

Such a joke is certainly more **monumental** than the worst advertisements by Herr von Rothschild; but it seems as if we should also be accustomed to the **monumental** from another side in order to finally take it for the **vileness**.



Endnotes

^a Bethel Henry Strousberg (1823–1884)

^b Gerson von Bleichröder (1822–1893)

^c cf. Gaius Cilnius Maecenas

^d In the original German text, the word *Jobber* is used, which refers to a speculator in securities, especially one who runs his own market game; cf. market bull.

^e *Kladderadatsch* was a satirical German-language magazine first published in Berlin on 7 May 1848.

^f Rudolf von Delbrück, Gottlieb Adelbert Delbrück, or ???

^g cf. Alliance Israélite Universelle

^h Viz. Louis Alfred Hahn; Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG

ⁱ Johannes von Miquel (1828–1901)

^j The Disconto-Gesellschaft — actually, Direction der Disconto-Gesellschaft — was one of the largest German banking companies. It was founded in 1851 and merged with Deutsche Bank AG in 1929. Its seat was in Berlin.

^k Otto von Camphausen or Gottfried Ludolf Camphausen???

^l Julius Mirés

^m The brothers Émile and Isaac Pereire

ⁿ Likely, Leopold Sonnemann (1831–1909)

^o i.e., Jacob Samuel Hayum Stern (1780–1833) and Bankhaus Jacob S.H. Stern

^p The original offices of the Rothschild family business in Frankfurt were at Fahrgasse 146

^q Gustave Samuel James de Rothschild, Baron de Rothschild???

^r Friedrich Ferdinand von Beust (1809–1886)

^s Wilhelm Rab (aka Schellhorn)

^t Presumably, Simon Philippart (1826–1900)

^u Likely, Frédéric Émile d'Erlanger (1832–1911)

^v Moritz or Ludwig von Bethmann???

^w Danatbank or Danat-Bank, short for "Darmstädter und Nationalbank", became defunct in 1931, having been succeeded by the Dresdner Bank

^x i.e., "imperial and royal privileged Austrian Credit Institute for Commerce and Industry", viz. Creditanstalt AG, the former Bank founded by Anselm von Rothschild

^y Presumably, Karl Ludwig von Bruck (1798–1860)

^z Sal. Oppenheim jr. & Cie. AG & Co. KGaA, founded by Salomon Oppenheim, Jr. in Bonn, 1789

^{aa} cf. Alexander Pflaum (1839–1911), who was called "von Pflaum" from 1881 on

^{bb} viz. Ludwig Cohnstaedt (1847–1934)

^{cc} David Justus Ludwig Hansemann or his son Adolph von Hansemann???

^{dd} August Belmont

^{ee} Paul Eugène Bontoux

^{ff} Kálmán Tisza (Hungarian prime minister) or Lajos Tisza (Hungarian politician and cabinet minister)???

^{gg} Likely, Gyula Graf Szapáry von Szapár, Muraszombat und Széchysziget (1832–1905)

^{hh} Pierre-Joseph Proudhon, French anarchist

ⁱⁱ i.e., the former firm, "Arnhold and S. Bleichröder", or "Bankhaus S. Bleichröder"

^{jj} i.e., the Galician Railway of Archduke Charles Louis

^{kk} Henry (Heinrich) Budge (1840–1928); Jacob Henry (Jakob Heinrich) Schiff (1847–1920); and presumably, Adolph Gans

^{ll} Likely, Joseph Seligman (1819–1880)

^{mm} Likely, Joseph Stettheimer, father of Florine, an American painter, designer, poet, and salonnière

ⁿⁿ Possibly meaning: "spread of classical art"